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## BUSINESS IN GOVERNMENT AND THE PROBLEM OF GOVERNMENTAL REORGANIZATION FOR GREATER EFFICIENCY

WARREN G. HARDING  
President of the United States

I CAN not tell you how gratifying it is to greet a gathering of such men as I see here, brought together for the purpose that animates you. I recognize among you many men peculiarly equipped to deal with the great questions of government organization, reorganization, and retrenchment; and as I look into your faces I feel that your special qualifications constitute the assurance that you will understand and sympathize with one who in an immediate relation finds himself grappling with these problems. You have studied and dealt with the affairs of great organizations; you know the power of entrenched tradition and long-established custom; you do not need to be told that general, inclusive plans are necessary as a preliminary to accomplishment in such matters.

Everywhere we turn we note that government has in recent time assumed a more complex relationship to the public than it ever sustained before. The mobilization of man power, industrial forces, and financial resources, which was made necessary in the war's exigencies, could only have been accomplished through the exertion of the utmost powers of government. Those powers were exerted to the extreme limit, and stupendously important results were attained. As a result of that demonstration of government's capacity to force great results in emergencies, there has grown up a school of thought which assumes that even in time of peace the same autocratic authority might well be exercised in the general interest. Many men thoughtlessly urge that "governments took over the control, even the conduct, of many industries and facilities during the war; there followed a great increase in wages, a vast expansion of business activity; therefore why not assume that continuance of such control and management in time of peace would enable continuance of the same liberality in compensation and profits, the same intense business activity?"

Those who look below the surface know that the things which governments accomplished during the war were accomplished at a staggering cost—a cost which society could not bear for long, a cost that has left society burdened with debts which mortgage generations of the future. They know that the feverish seeming of prosperity was not genuine, but was possible only because society was literally burning up its stocks of capital, and that this destruction of capital was responsible for the reaction and depression which are now felt universally. In this process the burdens of government were immensely increased, and it is for us now to find means of lightening those burdens.

Government, to a greater extent now than ever before, is under obligation to give the greatest service for the lowest possible cost. But it is for certain obvious reasons difficult to do this, because government is not under the necessity to earn profits nor to obey laws which regulate competition. These are the prime guaranties of efficiency and fair dealing in private business. They do not apply to government, and therefore government should be placed, so far as possible, under a strict sway of the methods which are applied in private business to secure these ends. Government should be broad, conscientious, and intelligent enough to subject itself to these rules despite that its quality of sovereignty would place it beyond them if it chose to assume that position. Every principle and device which promotes efficiency in private business should be adopted and applied in government affairs. I will trust the public official who decides his public problem as though it were his very own.

To bring economy and efficiency into government is a task second to none in difficulty. Few people, in or out of the government, have any conception of the growth of government business in the last decades before the World War; still fewer at all realize the pace to which that growth has been speeded up since the war started. The multiplication of departments, bureaus, divisions, functions has resulted in a sort of geometrical increase in the tasks which confront the heads of executive departments when they face reconstruction problems. They find that with their time already mortgaged in favor of tasks which demand more hours than the day provides they must devise means for doing yet more work with less money.

Fortunately the prospect is not so hopeless as might appear, because the present organization is so bad that the insistent application of a few established principles of sound business organization will result in immediate economies and provide a margin of available means to meet new demands. The party in power is pledged to economy and efficiency, and you may be assured that every energy is being directed to redeem that pledge to the last degree and with all promptness.

At the beginning of his administration President Taft secured from Congress the establishment of an Economy and Efficiency Commission. It made a comprehensive survey of activities, organization, and personnel of the whole government establishment. The report on that survey was never printed; but it is available, and can be consulted to determine where wastages and overlappings of function are. That commission further presented particular suggestions as to how specific economies could be effected, efficiency established, and much money saved.

The problem has been vastly complicated and increased as result of the war. The present Congress has already provided for a Joint Committee on the Reorganization of the Administrative Branch of the Government. A representative of the Executive will serve with this committee, so that there is now in progress a thorough study of the whole problem. The task will require some time, and ultimate results must await it. More, it will demand a resolute courage to effect the abolition of the useless and the coordination of the useful.

But meanwhile we shall, I trust, have a budget system in operation under the law before the opening of the new fiscal year. This is a long step toward introducing into government the sound methods that great private business establishments have adopted. I need not emphasize to you, gentlemen, the anomalous situation of the government heretofore in having a great number of spending committees apportioning moneys to various purposes without any study of the relationship between these various purposes, and regardless of the relationship of these aggregated spendings to the revenue in sight. No business, no humblest household, could be thus conducted without leading into disaster.

Establishment of a budget system is the foundation on which

reorganization must be based. It is hardly conceivable, indeed, that a proper budget system could be established and carried on for any considerable time without forcing attention to the evils and effecting the reform of many deficiencies in the present system. But the budget program will not do everything. It must not be accounted a fiscal and efficiency panacea, for it will not be. There must still be much and continuing effort to keep expenses down, to insure full value for every dollar of the taxpayer's money the government spends.

At this point, let me say, too much stress can not be laid on the fact that eternal vigilance is the price of economy and efficiency. Nothing is easier in a government establishment than to continue in existence offices, positions, employments, once they are created. It requires persistent, determined, stony-hearted devotion to the public interest to abolish them. There must be utter sacrifice of all sympathy for the place holder whose real reason for keeping his position is that he wants the salary. There must be constant examinations to determine how, in the processes of evolving functions and methods, forces may be reduced and duplications of work eliminated. Inertia, which is easily the greatest force in governmental organizations, must be combated at every point. The fact that a thing has existed for a decade or a century—that things have been done in a certain way for a generation—must not be accepted as proving that it ought to continue that way. The men who conscientiously and intelligently do this work must not expect to popularize themselves with the officeholders or with the liberal spenders. Even the administration which devotes itself relentlessly to such work must understand that it will lose a good deal of immediate loyalty on the part of a certain class of politicians, which will not be compensated to it at once in the appreciation of the public, for the public will not have the deep, immediate interest or the active concern which will animate the person who finds himself being pried loose from the purse strings.

Nevertheless, thankless and ungracious as the task will be for most of those who devote their efforts to it, it must, and will be attacked, it is being attacked, with all determination. Something can be done, even pending the effective inauguration of the budget and the survey by the joint committee, toward

bettering conditions. In all the departments, I may say to you, this sort of work is already progressing under executive orders within the power of the Executive. We shall need the full support of enlightened public opinion, and, realizing this, I am glad that such bodies as the Academy of Political Science, the United States Chamber of Commerce, the engineering societies, and business organizations generally are studying and discussing these questions. Out of such counsels will come truer appreciation of the difficulties and magnitude of government business, a larger sense of public responsibility, and a highly desirable cooperation between public and private business for the common good.

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